

**CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2002
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
REVENUES						
Taxes	\$ 94,861	\$ 94,861	\$ 90,848	\$ -	\$ 90,848	\$ (4,013)
Licenses and permits	3,840	3,840	3,837	-	3,837	(3)
Utility franchise fees	29,517	29,517	29,635	-	29,635	118
Fines and forfeitures	6,296	6,296	6,787	-	6,787	491
Leases, rents and concessions	3,491	3,491	3,548	-	3,548	57
Service charges	19,588	19,588	5,648	13,071	18,719	(869)
Interest revenue	897	897	824	100	924	27
Other revenue	-	-	1,350	(1,350)	-	-
Net increase (decrease) in the fair value of investments	-	-	(21)	21	-	-
Total Revenues	158,490	158,490	142,456	11,842	154,298	(4,192)
EXPENDITURES						
Current-						
General government	34,595	34,595	27,431	7,068	34,499	96
Public safety	87,405	87,405	85,017	1,080	86,097	1,308
Public works	24,079	24,079	17,826	5,170	22,996	1,083
Public health	2,044	2,044	1,931	-	1,931	113
Parks and recreation	13,781	13,781	12,111	789	12,900	881
Total Expenditures	161,904	161,904	144,316	14,107	158,423	3,481
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(3,414)	(3,414)	(1,860)	(2,265)	(4,125)	(711)
OTHER FINANCING SOURCES (USES)						
Transfers in	6,353	6,353	5,332	955	6,287	(66)
Transfers out	(3,028)	(3,028)	(4,426)	1,359	(3,067)	(39)
Total Other Financing Sources (Uses)	3,325	3,325	906	2,314	3,220	(105)
Net Change In Fund Balances	(89)	(89)	(954)	49	(905)	(816)
Fund Balances, October 1	19,659	19,659	21,661	-	21,661	2,002
Fund Balances, September 30	\$ 19,570	\$ 19,570	\$ 20,707	\$ 49	\$ 20,756	\$ 1,186

See accompanying notes to required supplementary information.

CITY OF ARLINGTON, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2002

Budgetary Data

The City Council adopts an annual legal budget, which covers the General Fund, the Debt Service Fund, the Enterprise Funds, and certain Special Revenue Funds (Park Performance, Convention and Event Services and Street Maintenance). All unencumbered appropriations lapse at fiscal year-end except certain of those of the Special Revenue Funds. The budgets for the General Fund, the Debt Service Fund, and certain Special Revenue Funds are prepared on the modified accrual basis except for encumbrances which are treated as budgeted expenditures. The budgets for the Enterprise Funds are prepared on the modified accrual basis and include encumbrances, debt principal retirements and capital outlays as expenses. Additionally, the Enterprise Funds do not include depreciation as a budgetary expense. The statements comparing budget and actual amounts for these governmental funds include adjustments to those budgetary bases for the differences noted above and for certain other items which are reported in the City's budget differently than they are reported for accounting principles generally accepted in the United States. Budgetary level of control is exercised at the departmental level. The City Manager is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures of the General Fund, Debt Service Fund, and certain Special Revenue funds must be approved by the City Council. During fiscal year 2002, the City Council did not approve any additional budgetary expenditure amendments for the General Fund.

The Budgetary Comparison Schedule, included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results, with the following exceptions:

The portion of ad valorem tax revenues in the General Fund from "rolled back" tax payments (taxes, up to five years back, on properties previously taxed at special use exemption values and currently changed to full values) are excluded from the budgetary basis tax revenues and from the general governmental expenditures.

The General Fund encumbrances are added to the actual expenditures for budgetary comparison.

Budgetary data for the Special Revenue Funds and Capital Projects Funds have not been presented in the accompanying required supplemental information. Receipts of revenues are not estimable for all Special Revenue Funds and are not budgeted. Expenditures are limited to total revenues over the life of the funds. Capital Projects Funds are budgeted over the life of the respective project and are reviewed and approved by the City Council in an annual Capital Improvements Program plan.

**CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TMRS FUNDING
LAST THREE FISCAL YEARS (Unaudited)**

For 2002, the City's annual pension cost of \$14,098,512 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2001, actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included an (a) 8 percent investment rate of return (net of administrative expenses), (b) no projected salary increases, (c) no cost of living adjustment, and (d) no inflation rate adjustment. The actuarial value of assets is adjusted cost for bonds (original cost adjusted for amortization of premium or accrual of discount) and original cost for short-term securities and stocks, which is the same as book value. The City's unfunded actuarial accrued liability is being amortized over a constant 25-year open amortization period as a level percentage of payroll.

The following table discloses three-year historical trend information relating to the TMRS plan.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
9/30/00	12,733,270	100%	-
9/30/01	12,884,047	100%	-
9/30/02	14,098,512	100%	-

The following table discloses certain three-year historical trend information presenting the City's progress in accumulating sufficient assets to pay benefits when due (amounts expressed in thousands, except for percentages):

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Percent	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/99	252,879	312,412	59,533	80.9%	92,137	64.6%
12/31/00	267,933	333,403	65,469	80.4%	100,657	65.0%
12/31/01	290,670	363,021	72,351	80.1%	110,577	65.4%

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION TRUST-PART-TIME DEFERRED INCOME TRUST PLAN
LAST THREE FISCAL YEARS (Unaudited)

The actuarial assumptions used in the July 1, 2000, actuarial valuation included were (a) 6.50 percent investment return, (b) no inflation rate adjustment, and (c) 4.50 percent salary increases. The accrual basis of accounting is utilized by the PDIT fund. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are financed through investment earnings. Cash and cash equivalents are stated at cost that approximates fair value. Investments are stated at the approximate value of the financial asset based on either the month end price, the last available price, or the last available activity. The actuarial accrued liability was determined using the entry age normal cost method.

The following table discloses certain three-year historical trend information:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Funded Percent	Excess Funded AAL (EAAL)	Annual Covered Payroll	EAAL as a Percentage of Covered Payroll
7/1/00	808,509	591,521	136.7%	216,988	2,500,507	8.7%
7/1/01	903,407	723,198	124.9%	180,209	2,443,735	7.4%
7/1/02	891,460	834,006	106.9%	57,454	2,415,348	2.4%

* Valuation results for 7/1/2001 were estimated based on 1/1/2000 and 7/1/2002 valuations.